



Trade and Agriculture **What's at Stake for New Mexico?**

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New Mexico produces agricultural products that are exported worldwide. In 2000, the State's cash receipts from farming totaled \$2.1 billion. Exports in 2000 were estimated at \$86.2 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

New Mexico's top five agricultural exports in 2000 were:

- # feed grains – \$17 million
- # wheat and products – \$15.1 million
- # cotton and linters -- \$14 million
- # live animals and red meats – \$12.9 million
- # tree nuts – \$8.3 million

World demand is increasing, but so is competition among suppliers. If New Mexico's farmers, ranchers, and food processors are to compete successfully for opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

New Mexico Benefits From Trade Agreements

New Mexico is benefitting from a number of trade agreements. While there is still much to be done, examples of market opportunities include:

- # As the seventh largest tree nut producer in the nation, New Mexico benefitted under the Uruguay Round agreement when Japan cut tariffs on almonds and other nuts from 1995 to 2000. South Korea, Thailand, and Malaysia are doing likewise. Supported by these cuts, U.S. in-shell walnut exports to Japan rose threefold, reaching \$9.4 million in 2000, and U.S. in-shell walnut sales to South Korea increased from \$1.8 million to \$3.2 million during the same period. U.S. almond sales to Thailand rose from \$652,000 in 1995 to \$862,000 in 2000.
- # New Mexico benefits under the North American Free Trade Agreement with rules of origin that increased demand for U.S. textiles in Canada and Mexico. Mexico's 10-percent tariff on cotton will be eliminated by 2003. This tariff reduction supports U.S. cotton exports to Mexico, which rose from 558,000 bales to 1.5 million bales from marketing year 1995 to 2000.

Under the North American Free Trade Agreement (NAFTA), Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen beef. Its 20-percent tariff on beef offal will be eliminated by 2003. Mexico has been the fastest-growing market for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at \$116 million to 179,000 tons valued at \$531 million in 2000.